

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

09 - 04

2. STATE:

Michigan

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH FINANCING ADMINISTRATION
DEPARTMENT OF HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
April 1, 2009

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN

AMENDMENT TO BE CONSIDERED AS NEW PLAN

AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR 447 Subpart C

7. FEDERAL BUDGET IMPACT:

a. FFY 09 \$ -0-
b. FFY 10 \$ -0-

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-A, page 24a

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):
Attachment 4.19-A, page 24a

10. SUBJECT OF AMENDMENT:

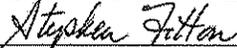
IPH - \$5 million DSH Pool

11. GOVERNOR'S REVIEW (Check One):

- GOVERNOR'S OFFICE REPORTED NO COMMENT
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:
Paul Reinhart, Director
Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:



16. RETURN TO:

Medical Services Administration
Program/Eligibility Policy Division - Federal Liaison Unit
Capitol Commons Center - 7th Floor
400 South Pine
Lansing, Michigan 48933

13. TYPED NAME:
Stephen Fitton

14. TITLE:
Acting Director, Medical Services Administration

15. DATE SUBMITTED:
January 23, 2009

Attn: Nancy Bishop

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPE NAME:

22. TITLE:

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Methods and Standards for Establishing Payment Rates
Inpatient Hospital Care***

d. Small Hospital Pool

A special pool of \$5 million will be established and renewed annually at the same level. The purpose of the pool is to assure DSH funding for hospitals and hospital systems that received less than \$900,000 in state fiscal year 2008 under Section H.1. For the purposes of this section, a hospital system is defined as two or more affiliated hospitals. Affiliations will be determined based upon Michigan Medical Services Administration hospital records, and according to policy promulgated pertinent to this DSH pool. No payment less than \$1,000 will be made from the \$5 million small hospital pool.

In order to receive a payment from the Small Hospital DSH Pool, all three of the following must apply:

- 1) Hospitals must meet minimum federal requirements for Medicaid DSH payments,
- 2) Hospitals must have Medicaid utilization of not less than 1% based on the formula in Section H, and,
- 3) Hospitals and hospital systems must have received less than \$900,000 in DSH payments in state fiscal year 2008 under Section H.1.

Small Hospital DSH payments will be based on Title XIX charges and Medicaid utilization. Title XIX charges used for computing DSH payments from this pool will be the sum of Title XIX charges and Title XIX MCO charges. The Medicaid utilization rate will be based on the proportion of Medicaid inpatient days to total hospital days as specified in Section H. Each hospital's Title XIX charges and Medicaid utilization will be taken from hospital cost reports for cost periods ending during the second previous state fiscal year.

The formula to calculate the distribution of payments from the Small Hospital DSH Pool will be as follows:

- 1) Hospital Title XIX Charges x Hospital Medicaid Utilization = Hospital Pool Factor
- 2) $\frac{\text{Hospital Pool Factor}}{\sum \text{of all Hospital Pool Factors}} \times \text{Small Hospital Pool Allocation}$

e. Institute for Mental Disease

A special DSH pool of up to \$141,909,300 will be established to assure access to services for indigent persons with serious mental illness requiring inpatient treatment. To qualify for this pool, a hospital must comply with all of the following conditions:

- 1) Meet minimum federal requirements for Medicaid DSH Payments.
- 2) Function as a stand-alone psychiatric hospital operated by the state, and

TN NO.: 09-04

Approval Date: _____

Effective Date: 04/01/2009

Supersedes
TN No.: 05-13